

## Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 GSA-02 EB-11 SS-15 NSC-10 COME-00 OMB-01

TRSE-00 PA-03 PRS-01 USIA-15 INT-08 EUR-25 STR-08

CIAE-00 INR-10 NSAE-00 RSC-01 CIEP-02 RSR-01 /134 W

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P 211937Z AUG 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 737

UNCLAS LA PAZ 5122

E.O. 11652: N/A

TAGS: EMIN, EFIN, BL

SUBJ: GSA TIN SALES

DR. GUILLERMO CESPEDES, SUBSECRETARY FOREIGN AFFAIRS  
HANDED TO CHARGE MORNING OF AUGUST 20 PRESIDENT BANZER'S  
RESPONSE TO PRESIDENT NIXON'S LETTER OF AUGUST 6. EMBASSY  
TRANSLATION OF TEXT OF PRESIDENT BANZER'S LETTER FOLLOWS:  
BEGIN TEXT:

ESTEEMED MR. PRESIDENT:

I HAVE THE PLEASURE OF REPLYING TO YOUR CORDIAL NOTE DATED  
AUGUST 6, 1973.

ACTUALLY, WE HAVE CLOSELY FOLLOWED THE EXECUTION OF THE SALES  
PROGRAM OF THE 6,500 TONS OF TIN, AUTHORIZED BY YOUR  
GOVERNMENT THROUGH THE GENERAL SERVICES ADMINISTRATION,  
TO BE CARRIED OUT IN 1973 AND RAPIDLY CONCLUDED DURING THE  
MONTHS OF JUNE AND JULY.

AS YOU POINTED OUT, AND NOTWITHSTANDING THE IMMEDIATE SALES  
MADE, TIN PRICES IN THE INTERNATIONAL MARKET HAVE CONTINUED  
CLIMBING, REACHING INTERESTING LEVELS AND WHICH PARTIALLY  
COMPENSATE FOR THE INCREASES IN PRICES OF MACHINERY AND OTHER  
MANUFACTURED PRODUCTS PRODUCED BY THE DEVELOPED COUNTRIES.  
HOWEVER, MR. PRESIDENT, MY GOVERNMENT CONSIDERS THAT THE RISE  
OF MINERAL PRICES IN GENERAL AND OF TIN IN PARTICULAR, IS DUE  
TO THE FOLLOWING FACTORS:

A. SPECULATION AND DISTRUST IN SOME FOREIGN CURRENCIES

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WHICH HAVE CAUSED A GREATER DEMAND FOR METALS.

B. CLOSURE OF THE BRITISH SMELTER WILLIAMS HARVEY,  
ONE OF THE LARGEST SOURCES OF METALLIC TIN, WHICH PLACES THE  
WESTERN WORLD IN A DEFICIT POSITION REGARDING ITS INSTALLED  
(SMELTING) CAPACITY.

C. OVERSTOCKING METALLIC TIN BY THE USUAL CONSUMERS  
AS A CONSEQUENCE OF THE ABOVE MOTIVES.

WE FIRMLY BELIEVE THAT (ABOVE) NOTED FACTORS ARE SIMPLY  
CIRCUMSTANTIAL AND HAVE GIVEN (RISE) TO AN APPARENT DEMAND  
WHICH HAS NOTHING TO DO WITH AN INCREASE IN REAL CONSUMPTION.  
THE TIME WILL ARRIVE IN WHICH THIS APPARENT DEMAND WILL BE  
SATURATED, THE ABOVE FACTORS WILL DISAPPEAR AND INEVITABLY,  
THERE WILL BE A FALL IN THE PRICE OF TIN.

A NEW SALES PROGRAM FROM THE AMERICAN RESERVES OF TIN WILL  
CONTRIBUTE TO A SATURATION OF THE MARKET AND WILL ACCELERATE  
THE DECLINE OF THE PRICES. FOR THESE REASONS, MR. PRESIDENT,  
OUR JUDGEMENT IS OPPOSED TO A GREATER AUGMENTATION OF THE  
SALES PROGRAM FOR THE PRESENT YEAR.

THANKING YOU FOR YOUR KIND INVITATION, MY WIFE AND I SHALL  
HAVE THE PLEASURE TO GREET YOU AND YOUR ESTEEMED WIFE  
PERSONALLY IN WASHINGTON IN THE COURSE OF THIS YEAR.

I TAKE OF THE OPPORTUNITY TO RENEW TO YOU (EXPRESSION  
OF MY PERSONAL ESTEEM).

SIGNED: GEN. HUGO BANZER SUAREZ

END TEXT.

COMMENT: WE BELIEVE TONE OF BOLIVIAN RESPONSE TO DATE  
INCLUDING THIS LETTER CAN BE DESCRIBED AS RATIONAL  
AND MODERATE. ORIGINAL LETTER BEING POUCHED.

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## Message Attributes

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